

Accounting and Auditing Standards Update

reflecting developments from May 2015 to August 2015

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CIPFA, the Chartered Institute of Public Finance and Accountancy, is the professional body for people in public finance. Our 14,000 members work throughout the public services, in national audit agencies, in major accountancy firms, and in other bodies where public money needs to be effectively and efficiently managed.

As the world's only professional accountancy body to specialise in public services, CIPFA's portfolio of qualifications are the foundation for a career in public finance. They include the benchmark professional qualification for public sector accountants as well as a postgraduate diploma for people already working in leadership positions. They are taught by our in-house CIPFA Education and Training Centre as well as other places of learning around the world.

We also champion high performance in public services, translating our experience and insight into clear advice and practical services. They include information and guidance, courses and conferences, property and asset management solutions, consultancy and interim people for a range of public sector clients.

Globally, CIPFA shows the way in public finance by standing up for sound public financial management and good governance. We work with donors, partner governments, accountancy bodies and the public sector around the world to advance public finance and support better public services.

CIPFA contributes directly to some technical and standards development through representation on relevant committees and groups. More generally CIPFA responds to consultations by standard setters and others on matters which are relevant to the public benefit sector. CIPFA Policy and Technical Directorate develops these responses taking expert advice from members of CIPFA's Accounting and Auditing Standards Panel.

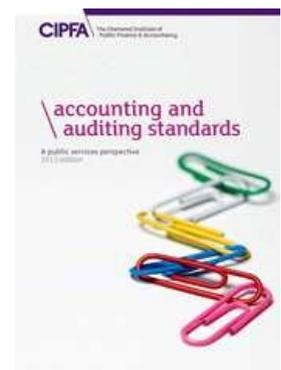
More information on the work of the Accounting and Auditing Standards Panel can be found online at www.cipfa.org/Policy-and-Guidance/Technical-Panels-and-Boards/Accounting-and-Auditing-Standards-Panel

This update provides information on standards developments in the fields of accounting and audit (in this context normally referring to 'external' or 'independent' audit). It reflects standards, other guidance and consultations developed or reviewed by

- UK standard setters including the Financial Reporting Council (FRC), its Standards and Codes Committee, and its advisory panels the Accounting Council and the Audit and Assurance Council
- International standard setters, including the International Accounting Standards Board (IASB), International Public Sector Accounting Standards Board (IPSASB) and the International Auditing and Assurance Standards Board (IAASB)
- Interpreters of financial reporting standards, including SORP making bodies, HM Treasury and other 'relevant authorities' for central government, the devolved administrations, local government and health sectors, and the Financial Reporting Advisory Board (FRAB)
- Other bodies developing, interpreting or commenting on standards matters relevant to financial reporting and audit

Weblinks provide information from the issuer's website where available.

Overview diagrams are provided at Annex B to this update. More detailed background and information on the public services dimension of standard setting are provided in *Accounting and Auditing Standards: A Public Services Perspective (2013 Edition)* which is available from the CIPFA shop



Standards Developments In Brief

Financial Reporting – May 2015 to August 2015

New Standards and Guidance

UK FRC

The FRC has amended its main UK FRS standards 100, 101, and 102, mainly to reflect changes arising from EU regulatory requirements, and has also issued a separate FRS 105 to provide separate simplified reporting for micro-entities.

CIPFA Responses to Consultations

No responses on financial reporting standards were made during the period: neither of the two open consultations warranted response from a public sector perspective.

Open Consultations

Charities SORP

Amendments to the Charities SORP have been proposed, mainly reflecting changes to FRS 102 and the new FRS 105.

CIPFA's Charity and Social Enterprise Panel is developing a response.

IASB

The IASB has issued an Exposure Draft which is intended to be the final part of its current revision of its Conceptual Framework for financial reporting. CIPFA will be responding to this consultation, which is relevant both from the perspective of the development of future IFRS, and also the potential read across between IFRS and IPSAS development.

The IASB has also issued exposure drafts clarifying standards or postponing the mandatory adoption of a number of new and amended standards. CIPFA will not be responding to these, which raise no special issues of public sector relevance.

IPSASB

The IPSASB has issued a consultation paper *Recognition and Measurement of Social Benefits*. This is a key issue for public sector reporting and CIPFA will be responding.

CIPFA will also be responding to an exposure draft *The Applicability of IPSASs*, which sets out guidelines within which governments may elect to apply IPSAS to report on entities for which a public sector approach is important, or to adopt other reporting for more commercial or other activities where public sector characteristics are less relevant.

Audit and Assurance – May 2015 to August 2015

New Standards and Guidance

FRC

FRC has issued a bulletin which provides guidance on auditor reports, in the light of recent developments in company law, listing rules and related auditing standards.

IAASB

The IAASB has issued an amendment affecting multiple standards, providing additional guidance on work addressing disclosures as part of the audit of financial statements.

CIPFA Responses to Consultations

No responses on audit standards were made during the period: the single open consultation did not warrant response from a public sector perspective.

Open Consultations

IAASB

IAASB has issued an ED of proposed amendments to ISAs, reflecting changes proposed in the IFAC ethical code, in connection with responding to Non-Compliance with Laws and Regulations (NOCLAR). CIPFA plans to respond to this consultation.

IAASB is also consulting on proposed changes to ISA 810 on Summary Financial Statements. CIPFA will not be responding to this, given that there are no public sector specific issues, and in practice relatively few public sector audits include this type of statement within their scope.

Standard Setting Governance – May 2015 to August 2015

While most of the work of CIPFA's Accounting and Auditing Standards Panel (AASP) is concerned with the development of new and revised standards, AASP also considers a range of other significant developments which are relevant to the standards environment.

This includes initiatives by standard setters, regulators and governments which affect the governance, process, strategy and workplan of standard setters, and the applicability of standards.

Key developments in the current period are set out below.

Consultations and Other Governance Process

IFRS Foundation

The IFRS Foundation's Constitution requires the Trustees to undertake a review of the structure and effectiveness of the organisation every five years.

The Trustees of the IFRS Foundation, the oversight body of the International Accounting Standards Board (IASB), have published for public comment proposals to further enhance the structure and effectiveness of the organisation.

CIPFA does not generally comment on IFRS Foundation consultations.

IASB agenda

The International Accounting Standards Board (IASB) has published for public comment a document seeking views on its work plan and priorities until 2020.

CIPFA will be responding to this consultation.

Wider Standard Setting – May 2015 to August 2015

While most of the work of CIPFA's Accounting and Auditing Standards Panel (AASP) is concerned with standards for financial reporting and independent audit and assurance, AASP also reviews developments in related areas.

This includes standards and guidance relating to wider reporting on governance, sustainability and other matters, including developments in 'integrated reporting'. It also encompasses standard setting such as that for professional valuation which interacts with financial reporting.

A report on developments in the current period is set out below.

FRC Actuarial Council

The FRC has published 'Update on the consultation: A new framework for Technical Actuarial Standards' following its consultation release in November 2014.

In line with responses to consultation, TAS 100 will be introduced with revisions to the FRC's Specific TASs, currently covering insurance, pensions, transformations and funeral plans. A review draft of TAS100 and an analysis of reports to the consultation will be published when the FRC consults on the revised Specific TASs later this year

FRC Audit and Assurance

The Financial Reporting Council (FRC) issued an exposure draft, Providing Assurance on Client Assets to the Financial Conduct Authority, for consultation. The Assurance Standard was developed to support and challenge auditors when reporting on compliance, by regulated firms, with the Financial Conduct Authority's (FCA's) Client Asset (CASS) rules designed to ensure the effective safekeeping of client assets and client monies.

CIPFA did not respond to this consultations, which is outside CIPFA core interests, and of little relevance to most CIPFA members.

Integrated Reporting

The IIRC is asking for feedback on the first draft of its <IR> Competence Matrix. This is intended to provide clear guidance in the market as to the skills and experience necessary to be an effective practitioner in <IR>.

CIPFA is probably not responding, but will review when more public sector focussed material is produced.

IVSC

In May 2015 the International Valuation Standards Council issued a Model Guide for Governance of Valuation Professional Organisations, and a Governance Assessment Tool for Professional Organisations.

ANNEX A: Activity Summary - Financial Reporting Standards

UK standards and guidance				
Issuer	Issue Date	Standard or Other Pronouncement	Effective Date	Sector Relevance
FRC (Accounting Council)	16.07.2015	Amendments to FRS 100: <i>Application of Financial Reporting Requirements</i>	01.01.2016	Small entities and micro-entities
		Amendments to FRS 101: <i>Reduced Disclosure Framework - 2014/15 cycle and other minor amendments</i>		
		Amendments to FRS 102: <i>The Financial Reporting Standard applicable in the UK and Republic of Ireland</i>		
		FRS 105: <i>The Financial Reporting Standard applicable to the Micro-entities Regime</i>		
		FRC Press Release		

ANNEX A: Activity Summary - Financial Reporting Standards

International standards and guidance

Issuer	Issue Date	Standard or Other Pronouncement	Effective Date	Sector Relevance
IASB		No standards or pronouncements issued		
IPSASB		No standards or pronouncements issued		

ANNEX A: Activity Summary - Financial Reporting Standards

UK consultations					
Issuer	Issue date	Consultations, Discussion Papers and Exposure Drafts	Response Date	Sector Relevance	Should CIPFA* respond?
Charities SORP	18.06.2015	Invitation to comment Draft Update Bulletin 1	18.09.2015	Charities	Yes
Joint SORP-making Body		<i>Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)</i> Invitation to comment <i>Withdrawal of the Charities SORP (FRSSE) and Proposals to widen the scope of Charities SORP (FRS 102)</i> SORP Consultation webpage			

* The Accounting and Auditing Standards Panel takes a view on which consultations are sufficiently relevant to CIPFA to warrant a formal response. If you have a different view on which matters should be responded to, please contact Steven Cain, CIPFA's Technical Manager, Financial Reporting and Auditing Standards e:steven.cain@cipfa.org

ANNEX A: Activity Summary - Financial Reporting Standards

International consultations					
Issuer	Issue date	Consultations, Discussion Papers and Exposure Drafts	Response Date	Sector Relevance	Should CIPFA* respond?
IASB	27.05.2015	IASB ED/2015/2 <i>Effective Date of IFRS 15: Proposed amendments to IFRS 15</i> IASB Press Release	03.07.2015	IFRS appliers	No
	28.05.2015	IASB ED/2015/3 <i>Conceptual Framework for Financial Reporting</i> IASB ED/2015/4 <i>Updating References to the Conceptual Framework Proposed amendments to IFRS 2, IFRS 3, IFRS 4, IFRS 6, IAS 1, IAS 8, IAS 34, SIC-27 and SIC-32</i> IASB Press Release	26.10.2015	IFRS appliers	Yes

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ANNEX A: Activity Summary - Financial Reporting Standards

International consultations					
Issuer	Issue date	Consultations, Discussion Papers and Exposure Drafts	Response Date	Sector Relevance	Should CIPFA* respond?
IASB continued	18.06.2015	IASB ED/2015/5 <i>Remeasurement on a Plan Amendment, Curtailment or Settlement/Availability of a Refund from a Defined Benefit Plan</i> <i>Proposed amendments to IAS 19 and IFRIC 14</i> IASB Press Release	19.10.2015	IFRS appliers	No
	30.07.2015	IASB ED/2015/6 <i>Clarifications to IFRS 15</i> IASB Press Release	28.10.2015	IFRS appliers	No
	10.08.2015	IASB ED/2015/7 <i>Effective Date of Amendments to IFRS 10 and IAS 28</i> IASB Press Release	09.10.2015	IFRS appliers	No

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ANNEX A: Activity Summary - Financial Reporting Standards

International consultations					
Issuer	Issue date	Consultations, Discussion Papers and Exposure Drafts		Sector Relevance	Should CIPFA* respond?
			Response Date		
IPSASB	29.07.2015	CP <i>Recognition and Measurement of Social Benefits</i> IPSASB Press Release	31.01.2016	IPSAS appliers (public sector)	Yes
	30.07.2015	ED 56, <i>The Applicability of IPSASs</i> IPSASB Press Release	30.11.2015	IPSAS appliers (public sector)	Yes

* The Accounting and Auditing Standards Panel takes a view on which consultations are sufficiently relevant to CIPFA to warrant a formal response. If you have a different view on which matters should be responded to, please contact Steven Cain, CIPFA's Technical Manager, Financial Reporting and Auditing Standards e:steven.cain@cipfa.org

ANNEX A: Activity Summary - Audit and Assurance Standards

UK standards and guidance

Issuer	Issue Date	Standard or other pronouncement	Effective Date	Sector Relevance
FRC (Audit and Assurance)	15.06.2015	Bulletin 4: <i>Recent Developments in Company Law, The Listing Rules and Auditing Standards that affect United Kingdom Auditor's Reports (Revised)</i> FRC Bulletins	Immediate (guidance)	Company audits

International standards and guidance

Issuer	Issue Date	Standard or other pronouncement	Effective Date	Sector Relevance
IAASB	15.07.2015	<i>Addressing Disclosures in the Audit of Financial Statements-Revised ISAs and Related Conforming Amendments</i> IAASB Press Release	15.12.2016	All sectors

ANNEX A: Activity Summary - Audit and Assurance Standards

UK consultations					
Issuer	Issue Date	Consultations, Discussion Papers and Exposure Drafts	Response Date	Sector Relevance	Should CIPFA* respond?
FRC (Audit and Assurance)		No consultations issued			
International consultations					
IAASB	23.07.2015	ED Proposed Amendments to the IAASB's International Standards <i>Responding to Non-Compliance or Suspected Non-Compliance with Laws and Regulations</i> IAASB web link	21.10.2015	All ISA audits	Yes
	03.08.2015	ED (ISA) 810 (Revised) <i>Engagements to Report on Summary Financial Statements</i> IAASB web link	02.11.2015	Summary Financial Statements	No

* The Accounting and Auditing Standards Panel takes a view on which consultations are sufficiently relevant to CIPFA to warrant a formal response. If you have a different view on which matters should be responded to, please contact Steven Cain, CIPFA's Technical Manager, Financial Reporting and Auditing Standards e:steven.cain@cipfa.org

ANNEX A: Activity Summary – CIPFA Responses

Issuer	Subject of Consultation
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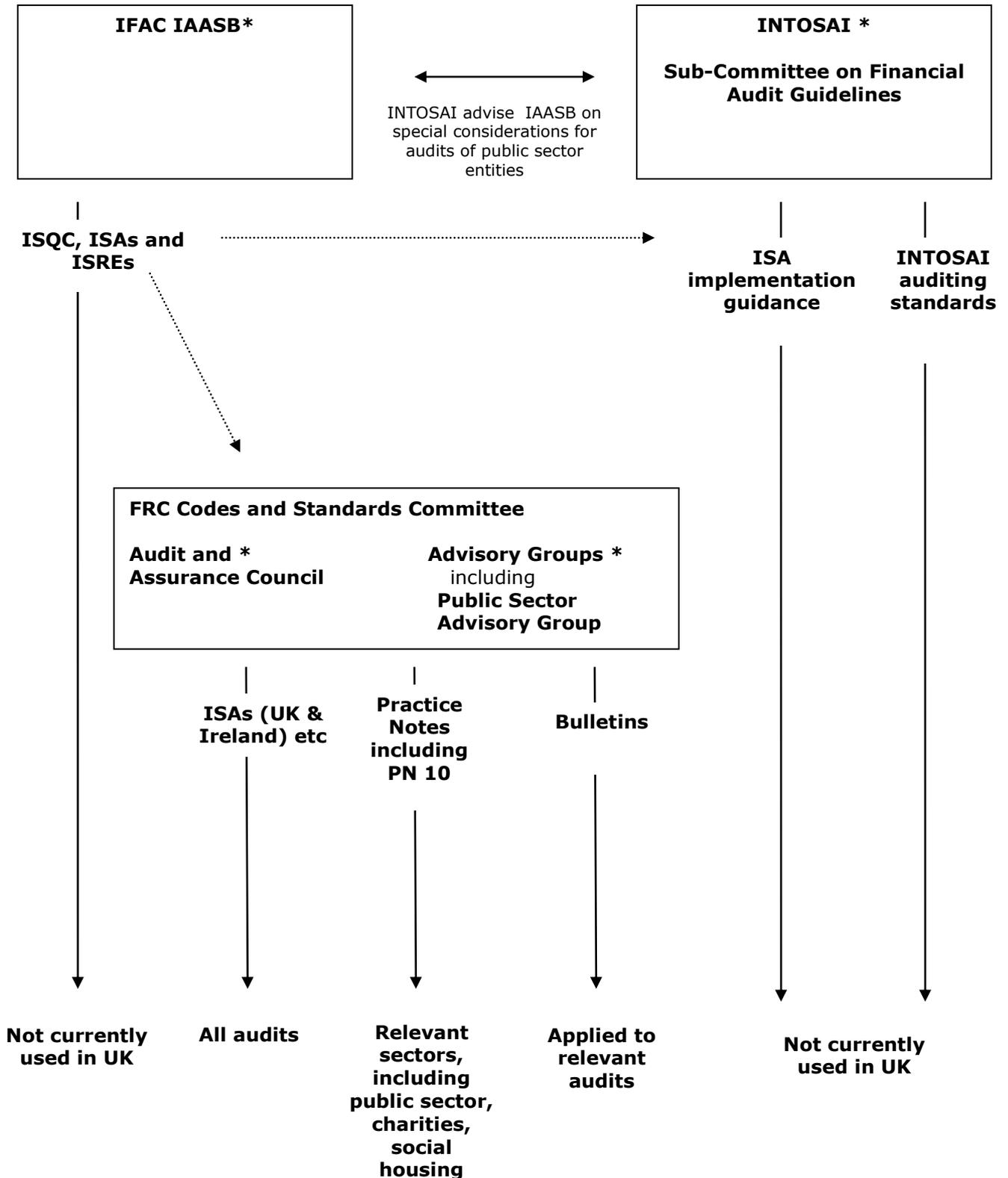
No responses on standards were made during the period

CIPFA responses on matters relating to accounting and auditing standards are also published at

www.cipfa.org/Policy-and-Guidance/Responses-to-consultations

ANNEX B: Background to consultation processes

INTERNATIONAL AND UK AUDITING STANDARD SETTING



CIPFA comments on most exposure drafts, discussion papers and consultations by bodies marked *, except for explicitly private sector issues

ANNEX B: Background to consultation processes

GLOSSARY AND LIST OF ACRONYMS

(not all of which appear in the current update)

<i>Accounting Council</i>	The Accounting Council advises the FRC Codes and Standards Committee on matters relating to financial reporting standards. The Council replaced the previous developer of UK financial reporting standards and guidance, the Accounting Standards Board (ASB), from July 2012.
<i>Audit and Assurance Council</i>	The Audit and Assurance Council advises the FRC Codes and Standards Committee on matters relating to auditing standards. The Council replaced the previous developer of UK auditing standards and guidance, the Auditing Practices Board (APB), from July 2012.
<i>CAPE</i>	Committee on Accounting for Public-benefit Entities. This committee advises the Accounting Council on public benefit entity reporting issues.
<i>EPSAS</i>	European Public Sector Accounting Standards. The European Commission has proposed that Europe should develop accrual accounting standards using IPSAS as a reference point, following a consultation by Eurostat on whether IPSAS should be adopted directly.
<i>Eurostat</i>	Eurostat is the statistical office of the European Union
<i>FRC</i>	The Financial Reporting Council sets the framework of codes and standards for the accounting, auditing, actuarial and investor communities in the UK and oversees the conduct of the professionals involved. Some FRC pronouncements apply in the Republic of Ireland.
<i>FRS</i>	Financial Reporting Standard. FRSs are the principal form of pronouncement on UK financial reporting issued by the FRC.
<i>FRSSE</i>	The Financial Reporting Standard for Smaller Entities. This is the principal standard used by smaller companies. It is also used by some public benefit entities in conjunction with the relevant SORP.
<i>FRED</i>	Financial Reporting Exposure Draft. FREDs are the principal consultation document for UK financial reporting issued by the FRC.
<i>IAASB</i>	International Auditing and Assurance Board, a standard setting board of IFAC.

ANNEX B: Background to consultation processes

<i>IAESB</i>	International Accounting Education Standards Board
<i>IASB</i>	International Accounting Standards Board
<i>IESBA</i>	International Ethical Standards Board for Accountants
<i>IFAC</i>	The International Federation of Accountants.
<i>IFRS</i>	International Financial Reporting Standards. These are issued by the IASB. This term also encompasses older International Accounting Standards (IAS).
<i>IFRS for SMEs</i>	The International Financial Reporting Standard for Small to Medium-sized Entities.
<i>IIRC</i>	The International Integrated Reporting Council
<i>INTOSAI</i>	International Organisation of Supreme Audit Institutions. An umbrella body for 'supreme' (as distinct from 'regional') institutions responsible for public sector audits.
<i>IPSAS</i>	International Public Sector Accounting Standards.
<i>IPSASB</i>	International Public Sector Accounting Standards Board, a standard setting board of IFAC.
<i>ISA</i>	International Standard on Auditing, issued by the IAASB.
<i>ISA (UK & Ireland)</i>	Modified or additional ISAs applicable in the UK & Ireland, issued by the FRC.
<i>IVSC</i>	The International Valuation Standards Council, the international standard setter for valuation matters.
<i>SORP</i>	Statement of Recommended Practice, providing guidance on the application of UK GAAP to specific economic sub sectors.
<i>UK GAAP</i>	UK Generally Accepted Accounting Practice. This is mainly taken to be based on standards issued by the FRC, although the term is sometimes taken to encompass UK use of EU adopted IFRS.